

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-07 FRB-03 INR-07 IO-11 NEA-10 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04

INT-05 ITC-01 /086 W

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TO SECSTATE WASH DC PRIORITY 0528

INFO ALL OECD CAPITALS 0014

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E.O. 11652: N/A

TAGS: ETRD, OECD

SUBJECT: TRADE COMMITTEE FEB. 3-4: CHANGES IN TRADE
POLICIES

1. SUMMARY: TC AGREED TO HAVE WORKING PARTY DISCUSS
RECENT NOTIFICATIONS OF RESTRICTIVE MEASURES TAKEN,
PARTICULARLY NEW ZEALAND IMPORT DEPOSIT SCHEME. IT WAS
ALSO AGREED THAT IN FUTURE SECRETARIAT WILL BRING NOTIFI-
CATIONS DIRECTLY TO ATTENTION OF WORKING PARTY WHICH
COULD DECIDE TO HAVE DISCUSSIONS WITHOUT WAITING FOR
TRADE COMMITTEE TO TAKE UP. SEVERAL DELS EXPRESSED
CONCERN ABOUT ITC RECOMMENDATION ON ALLOY STEEL, AND
US DEL EXPLAINED US PROCEDURES AND ASSURED GROUP USG
TAKING INTERNATIONAL ECONOMIC SITUATION INTO ACCOUNT
IN CONSIDERING RESPONSE TO ITC RECOMMENDATION. END
SUMMARY

2. US DEL NOTED GENERAL SUCCESS UP TO NOW IN RESISTING
BEGGAR-THY-NEIGHBOR TRADE POLICIES BUT POINTED OUT THAT
PROTECTIONIST PRESSURES STILL HIGH. NUMBER OF ACTIONS
RECENTLY TAKEN COULD, WHILE EACH INDIVIDUALLY RELATIVELY
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SMALL, ADD UP TO SIGNIFICANT WEAKENING OF DISCIPLINE.

HE SUGGESTED WORKING PARTY EXAMINE MEASURES TAKEN BY UK, SWEDEN, AND NEW ZEALAND, AND ASKED FOR AUSTRALIANS TO SUBMIT REPORT ON STATUS OF ACTIONS TAKEN IN LAST YEAR. CHAIRMAN (LANGUETIN) AGREED FULLY AND PROPOSED THAT WORKING PARTY AS A MATTER OF COURSE DURING THIS DIFFICULT ECONOMIC PERIOD, EXAMINE ALL NOTIFICATIONS AS THEY CAME UP, WITHOUT WAITING FOR TC TO MEET. THIS WAS OPPOSED BY EC COMMISSION, UK, AND SOME OTHERS. GROUP AGREED IN END THAT SECRETARIAT COULD BRING NOTIFICATIONS TO ATTENTION OF WORKING PARTY WHICH WOULD THEN DECIDE WHETHER EXAMINATION WAS NEEDED. TCWP WAS INSTRUCTED TO EXAMINE NEW ZEALAND ACTIONS AND IT WAS AGREED OTHER RECENT NOTIFICATIONS COULD ALSO BE DISCUSSED.

3. UK MEASURES: UK DEL MADE STATEMENT STRESSING DOMESTIC POLITICAL BACKGROUND TO ACTIONS TAKEN IN DECEMBER, NOTING MINISTERS HAD STRONGLY RESISTED NUMEROUS PROPOSALS FOR CONTROLS ON CARS AND TV SETS AND TUBES. HE SAID MEASURES WERE VERY LIMITED AND HAD BEEN TAKEN ONLY IN CASES WHERE ABSOLUTELY NECESSARY TO AVOID THE COLLAPSE OF PARTICULAR INDUSTRIES. EC COMMISSION REP SAID UK MEASURES (EXCEPT FOR SURVEILLANCE ACTION), WERE OF A "COMMUNITY" NATURE, ALTHOUGH COMMISSION DECISION COVERING THEM EXTENDED ONLY TO JUNE 30 AND HAD SOMEWHAT DIFFERENT FIGURES FOR THE QUOTAS THAN WHAT WAS CONTAINED IN THE UK NOTIFICATION. HE SAID COMMISSION WAS READY TO NEGOTIATE WITH THE COUNTRIES DIRECTLY CONCERNED, HAD HAD A FAVORABLE RESPONSE FROM ONE OF THESE, AND WAS WAITING FOR RESPONSE FROM THE OTHER.

4. SWEDISH MEASURES: SWEDISH DEL SAID ACTION ON SHOES WAS NOT TAKEN FOR BOP OR EMPLOYMENT REASONS BUT ON NATIONAL SECURITY GROUNDS, AND DESCRIBED POTENTIAL FOR SNOWBALL EFFECT AS MINIMAL. EC COMMISSION REP DISAGREED,

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SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04

INT-05 ITC-01 /086 W

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STATING THAT EFFECT OF SWEDISH ACTION ON SHOES WAS NOT
MINIMAL FOR EC.

5. NEW ZEALAND IMPORT DEPOSIT SCHEME: AS THIS HAD BEEN
REFERRED TO TC BY COUNCIL DAY BEFORE, TC SIMPLY ASKED
WORKING PARTY TO EXAMINE AND REPORT BACK TO COUNCIL. TC
WILL APPROVE REPORT BY WRITTEN PROCEDURE.

6. ITC RECOMMENDATION ON ALLOY STEEL: US DEL STATED US
RECOGNIZED CONCERNS BEING VOICED ABOUT ITC RECOMMENDA-
TION, BUT POINTED OUT OPENNESS OF US PROCEDURES, COMPARED
TO THOSE OF SOME COUNTRIES, AND OPPORTUNITY GIVEN ALL
INTERESTED PARTIES TO PRESENT THEIR VIEWS. HE STRESSED
US AWARENESS OF DELICATE INTERNATIONAL ECONOMIC SITUATION
AND INTENTION TO TAKE THIS INTO ACCOUNT, AND TO LIVE UP
TO ASSURANCES GIVEN BY ADMINISTRATION THAT IT WOULD
EXERCISE RESTRAINT IN RESPONDING TO PROTECTIONIST PRES-
SURES. US REP NOTED, HOWEVER, THAT INJURY TO DOMESTIC
INDUSTRY HAD BEEN FOUND AND PRESIDENT WOULD HAVE TO
DETERMINE APPROPRIATE REMEDY. HE SAID US WOULD PROCEED
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IN A COOPERATIVE MANNER AND TAKE ONLY THE MINIMUM ACTION
NECESSARY TO REMEDY THE INJURY. FINALLY HE POINTED OUT
ITC RECOMMENDATION CONCERNED ONLY 1 1/2 PERCENT OF US
STEEL OUTPUT.

7. OTHER DELS EXPRESSED APPRECIATION FOR US EXPLANATION,
BUT STATED CONCERN. JAPAN SAID ANY US ACTION IN THIS
SECTOR WOULD HAVE SERIOUS EFFECT ON TRADE PLEDGE AND
IMPORTANCE OF ALLOY STEEL SEGMENT OF TRADE SHOULD NOT BE
MINIMIZED. SWEDEN EXPRESSED DEEP CONCERN, NOTING ALL
COUNTRIES UNDER PROTECTIONIST PRESSURE AND SHOULD CON-

TINUE TO ADHERE TO TRADE PLEDGE. EC COMMISSION REP
REFERRED TO HIS STATEMENT AT LAST TC MEETING WHICH URGED
US TO ACT WITH MAXIMUM RESPONSIBILITY AND RESTRAINT
AND ALSO WARNED AGAINST MINIMIZING EFFECT OF RESTRICTION
IN ALLOY STEEL SEGMENT OF INDUSTRY. CANADIAN DEL REFER-
RED TO WORLD-WIDE PROBLEMS IN STEEL SECTOR AND SAID HE
HAD HOPES US DECISION WOULD BE NEGATIVE.
TURNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, POLICIES, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976OECDP03883
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760046-0744
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760274/aaaacncn.tel
Line Count: 177
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2004 by greeneet>; APPROVED <01 JUN 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TRADE COMMITTEE FEB. 3-4: CHANGES IN TRADE POLICIES
TAGS: ETRD, OECD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006